(a) the reasons for the growing trade gap between India and Nepal;

(b) the steps taken to reduce the gap and to maintain proper balance in the Indo-Nepal trade; and

(c) the details of the steps taken in this regard?

THE MINISTER OF COMMERCE (SHRI PRANAB MUKHERJEE) : (a) Reasons for the trade gap between India and Nepal include, inter-alia Nepal's narrow production base, limited availabililty and competitiveness of commodities for export to India, and Nepal's diversification of its export markets.

(b) and (c) Measures to promote Nepal's exports to India centre around the preferential and duty free access to imports from Nepal of its primary products, as well as manufactured goods with minimum 50% Nepalese or Indian content, alongwith simplified procedures for that.

Licences under VABAL

1804. SHRI SATYA PRAKASH MALAVIYA: Will the Minister of COMMERCE be pleased to state:

(a) whether exporters usually obtain licence under VABAL scheme by inflating FOB value of exports with a view to obtaining higher CIF import value;

(b) whether the list of permissible goods allowed for import under the VABAL scheme is so made as to enable exporters to bring in duty free excessive imports of products where import duty and CVD is higher, thus enabling the polyester fabric exporters to import PFY in preference to PSF;

(c) whether under invoicing methodology is used to finance imports of PFY under the scheme and difference paid through HAWALA;

(d) whether the clandestine import of PFY results in huge profits for the exporters;

(e) whether excess PFY so imported is being diverted for use in decentralized Powerloom Sector as there is no excise duty; and

(f) if so, what is the extent of revenue loss to Government consequent to VABAL scheme?

THE MINISTER OF COMMERCE (SHRI PRANAB MUKHERJEE) : (a) and (b) No, Sir.

(c) to (f) While no formal complaint has been received in regard to clandestine import of PFY and other related issues, Government has come across a news report alleging huge losses of excise revenue as a result of duty free import of POY under fake documents and sale of the imported POY in domestic market in violation of excise rules. Exchange transactions under the HAWALA route have also been alleged. The specific case cited in the news report is being suo moto investigated by the Directorate General of Foreign Trade.

Restrictions on Import of Automobile Machinery

1805. SHRI BHUPINDEER SINGH MANN: Will the Minister of COMMERCE be pleased to state:

(a) what restrictions were imposed on the import of automobile machinery before signing of GATT agreement;

(b) the relaxations that have been made thereon after signing of GATT; and

(c) whether protection to the indigenous automobile industry at the cost of consumers will continue?

THE MINISTER OF COMMERCE (SHRI PRANAB MUKHERJEE): (a) to (c) India has signed GATT Agreement in 1947. Under the Current Export and Import Policy, as amended, capital goods including automobile machinery are freely importable. However, import of car and automobile vehicles are allowed to be imported without an Import Licence by certain categories of Importers as stipulated in the Public Notice No. 202/92—97, dated 30-3-1994. Copy of the aforesaid Public Notice is available with the Parliament Library.

Denying Free Market to Farmers by Banning Export of Onions

1806. SHRI BHUPINDER SINGH MANN: Will the Minister of COMMERCE be pleased to state:

(a) whether it is a fact that onion producing farmers are denied free market by banning export of onions;

(b) what is the total quantity of onions that would be exported from India and the estimated foreign exchange earning from its export; and

(c) whether the policy of restrictions against agricultural produce will continue in the liberalised economy?

THE MINISTER OF COMMERCE (SHRI PRANAB MUKHERJEE) : (a) Exports of onions are canalised through the National Agricultural Co-operative Marketing Federation of India Limited (NAFED).